

Master in European Economic Governance

A.Y. 2023/2024

Course Syllabus

Course	EU Industrial Policy in an era of Geoeconomic competition
Lecturer	Donato Di Carlo & Dimitri Zurstrassen
Course Description	<p>This course delves into the European Union's industrial policy, offering background knowledge on its historical evolution and in-depth analyses of recent and current developments, with an eye to understand possible future directions. It is designed to equip students with both theoretical knowledge on industrial policy and practical insights and case studies on recent major EU industrial policy initiatives. The course will enable students to critically analyse and engage with EU policy frameworks.</p> <p>Total course duration: 20 hours (10 Sessions, 2 hours per session)</p> <p>Sessions' format:</p> <p>Hour 1: Students' presentations on the assigned compulsory readings</p> <p>Hour 2: Interactive seminar discussion</p>
Primary References	<ul style="list-style-type: none"> ▪ Bulfone, Fabio. 2023. "Industrial Policy and Comparative Political Economy: A Literature Review and Research Agenda." <i>Competition & Change</i> 27, no. 1: 22-43. https://doi.org/10.1177/10245294221076225. ▪ Warlouzet, Laurent. 2014. "Towards a European Industrial Policy? The European Economic Community (EEC) Debates, 1957-1975." In <i>Industrial Policy in Europe after 1945: Wealth, Power and Economic Development in the Cold War</i>, 213-235. London: Palgrave Macmillan UK. ▪ Landesmann, Michael A., and Roman Stöllinger. 2020. "The European Union's Industrial Policy." In <i>The Oxford Handbook of Industrial Policy</i>, edited by Arkebe Oqubay and others, Oxford Handbooks. Oxford Academic. November 10, 2020. https://doi.org/10.1093/oxfordhb/9780198862420.013.23. ▪ Di Carlo, Donato, and Luuk Schmitz. 2023. "Europe First? The Rise of EU Industrial Policy Promoting and Protecting the Single Market." <i>Journal of European Public Policy</i> 30, no. 10: 2063-2096. https://doi.org/10.1080/13501763.2023.2202684. ▪ Jean-Christophe Defraigne, Jan Wouters & Edoardo Traversa & Dimitri Zurstrassen (ed.). 2022, <i>EU Industrial Policy in the Multipolar Economy</i>. Edward Elgar Publishing. Available here.
Course Objectives	<ul style="list-style-type: none"> ▪ Familiarise students with key concepts in industrial policy and economic governance

	<ul style="list-style-type: none"> ▪ Understand the functioning of EU economic governance, with specific reference to EU industrial policy ▪ Learn about the recent developments in EU policies ▪ Comprehend current debates on the return of the state and geoeconomics
Prerequisite	<ul style="list-style-type: none"> ▪ Basic knowledge of the European Union's political and economic system is desirable ▪ Basic knowledge of economics and political economy is desirable
Teaching Method	<ul style="list-style-type: none"> ▪ Students' presentations to acquire foundational knowledge through compulsory readings ▪ Interactive seminar discussions for group discussions and critical thinking
Assessment Method and Grading Policy	<ul style="list-style-type: none"> ▪ Students' participation during seminars: 20% of the final grade ▪ Student presentations: 40% of the final grade ▪ Final Written exam (2 open-ended essays out of 6 possible questions 2 hours): 40% of the final grade

Course outline

Session 1. States, Markets and activist Economic governance: an introduction to Industrial Policy

Student Presentation: no presentation during the first conceptual class

Seminar discussion: what is industrial policy? What purposes does it serve? How does it differ from public/economic policy? And how/why/when is or should be implemented?

Reading Material (other more specific readings may be assigned in due course):

- Criscuolo, C., et al. (2022), "An industrial policy framework for OECD countries: Old debates, new perspectives", *OECD Science, Technology and Industry Policy Papers*, No. 127, OECD Publishing, Paris, <https://doi.org/10.1787/0002217c-en>
- Juhász R, Lane R, Rodrik D. 2023. The New Economics of Industrial Policy. *Annu. Rev. Econ.* 16: Submitted. DOI: <https://doi.org/10.1146/annurev-economics-081023-024638>
- [Oqubay, A, "The Theory and Practice of Industrial Policy". Oqubay, A. et. al., *The Oxford Handbook of Industrial Policy*, Oxford University Press, 2020.](#)

Session 2. From the post-WWII active Keynesian State to the rise of the EU Regulatory state

Student Presentation: activism forms of industrial policy and economic governance in the post-war era of "dirigisme" and the rise of the EU regulatory state curbing national market activism in the EU

Seminar discussion: how was the relationship between states and markets configured during the post-war so-called "Golden Age" of European capitalism? In which ways did the state intervene to govern markets? What was the balance

between national and EU supranational industrial and economic policies in Europe? How did this balance change with the rise of the EU regulatory state?

Reading Material (other more specific readings may be assigned in due course):

- Bianchi, Patrizio, and Sandrine Labory, 'European Industrial Policy: A Comparative Perspective', in Arkebe Oqubay, and others (eds), *The Oxford Handbook of Industrial Policy*, Oxford Handbooks (2020; online edn, Oxford Academic, 10 Nov. 2020), <https://doi.org/10.1093/oxfordhb/9780198862420.013.22>
- Majone, Giandomenico. "From the positive to the regulatory state: Causes and consequences of changes in the mode of governance." *Journal of public policy* 17, no. 2 (1997): 139-167

Session 3. From the EU Regulatory State to the new EU Industrial Policy

Student Presentation: challenges to the EU regulatory state in the 2010s and the return of economic statecraft in the EU

Seminar discussion: how and why has the relationship between states and markets changed again during the 2010s? What are the new challenges European states face? In which way is the EU being reconfigured to address these challenges?

Reading Material (other more specific readings may be assigned in due course):

- McNamara, Kathleen R. "Transforming Europe? The EU's industrial policy and geopolitical turn." *Journal of European Public Policy* (2023): 1-26.
- Donato Di Carlo & Luuk Schmitz (2023) Europe first? The rise of EU industrial policy promoting and protecting the single market, *Journal of European Public Policy*, 30:10, 2063-2096, DOI: [10.1080/13501763.2023.2202684](https://doi.org/10.1080/13501763.2023.2202684)

Session 4. Evolving pillars of EU industrial Policy: competition policy and state aid in the single market

Student Presentation: the EU competitive policy regime and its evolution

Seminar discussion: why is supranational competition policy needed in the European single market? Is competition policy compatible with industrial policy? In which ways does competition policy enable/constrain states' capacity to discretionally shape markets and economic actors' behaviour?

Reading Material (other more specific readings may be assigned in due course):

- Edoardo Traversa & Pierre M. Sabbadini, 2022. "**Industrial policy and EU state aid rules**," Chapters, in: Jean-Christophe Defraigne & Jan Wouters & Edoardo Traversa & Dimitri Zurstrassen (ed.), *EU Industrial Policy in the Multipolar Economy*, chapter 2, pages 45-79, Edward Elgar Publishing.
- Pim Jansen & Wouter Devroe, 2022. "**Industrial policy, competition policy and strategic autonomy**," Chapters, in: Jean-Christophe Defraigne & Jan Wouters & Edoardo Traversa & Dimitri Zurstrassen (ed.), *EU Industrial Policy in the Multipolar Economy*, chapter 3, pages 80-121, Edward Elgar Publishing.
- Käseberg, Thorsten, and Arthe Van Laer, 'Competition Law and Industrial Policy: Conflict, Adaptation, and Complementarity', in Kiran Klaus Patel, and Heike Schweitzer (eds), *The Historical Foundations of EU Competition Law* (Oxford, 2013; online edn, Oxford Academic, 26 Sept. 2013), <https://doi.org/10.1093/acprof:oso/9780199665358.003.0006>, accessed 22 Jan. 2024.

Session 5. The EU-de-risking state and National promotional banks in the quest for EU industrial policy

Student Presentation: the EU de-risking state and the prominence of promotional banks in the conduct of industrial policy

Seminar discussion: how can states finance industrial policy? What is the role of national promotional banks and the European investment bank in the conduct of industrial policy across the single market? In what sense do states operate to de-risk industrial policy? How is de-risking and the actions of promotional banks different from post-WWII industrial policy?

Reading Material (other more specific readings may be assigned in due course):

- Gabor, Daniela. "The (European) Derisking State." (2023). *Stato e Mercato*.
- Mertens, Daniel, Matthias Thiemann, and Peter Volberding, eds. *The reinvention of development banking in the European Union: Industrial policy in the single market and the emergence of a field*. Oxford University Press, 2021.

Session 6. The New EU Industrial Strategy for the Green transition

Student Presentation: the EU industrial policy for the environmental transition

Seminar Discussion: why do we need a green transition in the first place? How and why has the EU become active in steering the decarbonisation of our economies? Is it succeeding? Could it be done better? How? What is strategic autonomy, and can the EU achieve it in green technologies? Why and for what do we need critical raw materials for the green transition?

Reading Material (other more specific readings may be assigned in due course):

- Bentley Allan, Joanna I. Lewis, Thomas Oatley; Green Industrial Policy and the Global Transformation of Climate Politics. *Global Environmental Politics* 2021; 21 (4): 1–19. doi: https://doi.org/10.1162/glep_a_00640
- Spendzharova, Aneta. "Gouvernement Économique, but Not Like in the 1990s: The Commission and the ECB's Policies Advancing the 'Green Transition'." *JCMS: Journal of Common Market Studies* 61 (2023): 136-146
- Stöllinger, Roman (2023) : Advancing the European Green Deal with industrial policy, FIW-Kurzbericht, No. 59, FIW - Research Centre International Economics, Vienna

Session 7. The New European Industrial Strategy for innovation and the digital transition

Student Presentation: the EU innovation and digital policy

Seminar discussion: why do countries innovate? How does the EU support and bolster innovation and digitalisation across the EU? Why and for what do we need critical raw materials for the digital transition?

Reading Material (other more specific readings may be assigned in due course):

- Seidl, Timo, and Luuk Schmitz. "Moving on to not fall behind? Technological sovereignty and the 'geodirigiste' turn in EU industrial policy." *Journal of European Public Policy* (2023): 1-28
- Donnelly, Shawn. "Semiconductor and ICT Industrial Policy in the US and EU: Geopolitical Threat Responses." *Politics and Governance* 11, no. 4 (2023): 129-139.
- Gruber, Harald. "Proposals for a digital industrial policy for Europe." *Telecommunications Policy* 43, no. 2 (2019): 116-127.

- Timmers, Paul. "The European Union's cybersecurity industrial policy." *Journal of Cyber Policy* 3, no. 3 (2018): 363-384

Session 8. Between a Rock and a Hard Place: the EU's responses to Chinese and US industrial policies

Student Presentation: European industrial policy amidst the rising geopolitical competition

Seminar discussion: What are the major characteristics of the US and Chinese industrial policies of the last decade(s)? How and why do they differ from the EU's? How has the EU reacted to the rising geopolitical tensions and economic activism in the two major geopolitical blocs? In light of these similarities/differences, are EU industrial policies affective? Can the EU de-risk from China given China's supremacy in CRMs and strategic technologies for the twin transition?

Reading Material (other more specific readings may be assigned in due course):

- Patricia Nouveau, 2022. "Falling behind and in between the United States and China: can the European Union drive its digital transformation away from industrial path dependency?," Chapters, in: Jean-Christophe Defraigne & Jan Wouters & Edoardo Traversa & Dimitri Zurstrassen (ed.), *EU Industrial Policy in the Multipolar Economy*, chapter 11, pages 332-381, Edward Elgar Publishing.
- Jean-Christophe Defraigne, 2022. "Chinas industrial policy: the visible hand of the party-state to catch up by any means necessary," Chapters, in: Jean-Christophe Defraigne & Jan Wouters & Edoardo Traversa & Dimitri Zurstrassen (ed.), *EU Industrial Policy in the Multipolar Economy*, chapter 8, pages 242-269, Edward Elgar Publishing
- Jean-Christophe Defraigne, 2022. "US industrial policy: the not-so-visible hand of the state and securing the dominance of US prime movers," Chapters, in: Jean-Christophe Defraigne & Jan Wouters & Edoardo Traversa & Dimitri Zurstrassen (ed.), *EU Industrial Policy in the Multipolar Economy*, chapter 7, pages 210-241, Edward Elgar Publishing.

Session 9. The dilemma between industrial and cohesion policy across the EU single market

Student Presentation: the tension between industrial and cohesion policy in the single market

Seminar discussion: why and in what sense is there a tension between industrial and cohesion policy in the single market? Why are some regions more vulnerable to the twin transition than others? What can be done to address the green backlash that is emerging across Europe?

Reading Material (other more specific readings may be assigned in due course):

- Wigger, A. (2023) The New EU Industrial Policy and Deepening Structural Asymmetries: Smart Specialisation Not So Smart. *JCMS: Journal of Common Market Studies*, 61: 20-37. <https://doi.org/10.1111/jcms.13366>.
- Rodríguez-Pose, Andrés, and Federico Bartalucci. Regional vulnerability to the green transition. No. WP2023/16. Chief Economist Team at the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, 2023. Available [here](#).

Session 10. Political economy "cineforum" & concluding discussion

Documentary to be watched in class: "Made in Europe: from mine to electric vehicle"

- <https://vimeo.com/884346837>

Concluding seminar discussion